



STATE BOARD OF LAND COMMISSIONERS

Philip E. Batt, Governor and President of the Board
Pete T. Cenarrusa, Secretary of State
Alan G. Lance, Attorney General
J. D. Williams, State Controller
Anne C. Fox, Superintendent of Public Instruction

Stanley F. Hamilton, Secretary to the Board

MINUTES REGULAR LAND BOARD MEETING April 10, 1998

The regular meeting of the Idaho State Board of Land Commissioners was held at 9:00 a.m. on April 10, 1998, in Boise, Idaho. The Honorable Philip E. Batt presided. The following members were present.

Honorable Secretary of State Pete T. Cenarrusa
Honorable Attorney General Alan G. Lance
Honorable State Controller J.D. Williams
Honorable Superintendent of Public Instruction Anne C. Fox

Secretary to the Board Stanley F. Hamilton

CONSENT AGENDA

The following Consent Agenda was approved in its entirety upon a motion by State Controller Williams and seconded by Secretary of State Pete Cenarrusa. The motion carried on a vote of 5-0.

1. This agenda item requested approval of official transactions as follows:

Bureau of Minerals Official Transactions for March 1998
Bureau of Range Management and Surface Leasing for Cropland, Grazing, Cottage Site, Miscellaneous, and Submerged Lands Leases for the month of February 1998
Bureau of Real Estate, Easement Section for February 1998
Land Sale Section, Bureau of Real Estate for February 1998
Timber Sale for the period February 21, 1998 through March 25, 1998

2. This agenda item presented applications for addition to the qualified bidders list, timber sales as follows:

Yount Logging, Inc.
HCR 61, Box 32A
Bonners Ferry, ID 83805
Staffed by Ron Litz, Chief, Bureau of Forest Management

3. This agenda item requested approval of timber sales as follows:

A. Upper Olson	CR-3-0382	4,660 MBF
B. Mashburn Pulp	CR-3-0409	3,780 MBF
C. Big Seed	CR-4-0669	8,765 MBF
D. Round 19	CR-5-0079	1,025 MBF

Staffed by Ron Litz, Chief, Bureau of Forest Management

4. This agenda item requested approval to proceed with the proposed road maintenance plan.

Staffed by Ron Litz, Chief, Bureau of Forest Management

5. This agenda item requested that a disclaimer of interest be issued for this parcel of accretion land totaling 37.43 acres along the Boise River in Canyon County.

Staffed by Perry Whittaker, Chief, Bureau of Real Estate

6. This agenda item requested that a disclaimer of interest be issued to Gem County for 16.68 acres of accretion land along the Payette River in Gem County.

Staffed by Perry Whittaker, Chief, Bureau of Real Estate

7. This agenda item requested that the proposed performance bond reduction policy be implemented.

Staffed by Winston Wiggins, Asst. Director, Forestry and Fire

Governor Batt asked about the bond reduction agenda item. Director Hamilton stated that the department is recommending, after considerable review from department staff and discussion with the industry, a partial reduction in bond, not more than one-third – about midway through a timber sale. He said the department had never had a situation where the bond was insufficient.

8. This agenda item requested land reclassification in 1998 expiring grazing leases currently held by the Idaho Department of Fish and Game.

Staffed by Tracy Behrens, Range Management Specialist

Secretary of State Cenarussa asked Mr. Behrens to explain this agenda item. Mr. Behrens informed him that the Fish and Game has two grazing leases that expire the end of this year. They have been reviewed and the use is primarily for enhancement of wildlife habitat so the recommendation is being made for the parcel to be reclassified for wildlife as the highest and best use and would issue miscellaneous leases to the Fish and Game Department.

9. This agenda item requested approval to enter the temporary and proposed rule making process for the Rules for the Regulation of Beds, Water and Airspace over Navigable Lakes in the state of Idaho, IDAPA 20.03.04.
Staffed by Jay Biladeau, Asst. Director, LMR
10. This agenda item requested approval to renew (with noted stipulations) Mineral Lease No. 3013 on the Salmon River for sand, gravel and metalliferous minerals. Lessee: Ronald Mahurin, HC 01, Box 60B, Whitebird, Idaho 83554.
Staffed by Sharon Murray, Minerals Leasing Specialist
11. This agenda item requested authorization to proceed to initiate a proposed land exchange between Jim and Connie Reininger and the State of Idaho.
Staffed by Dan Spanfelner, Real Estate Specialist
12. This agenda item requested authorization to proceed to initiate proposed land exchange involving the State of Idaho and Hoff Companies in the area of the Banks Townsite, Idaho.
Staffed by Dan Spanfelner, Real Estate Specialist.

REGULAR AGENDA

13. Director's Report

Director Hamilton presented the monthly Director's report. Page one showed the historical permanent fund revenue trends and predicted FYE 1998 totals. He provided a graph showing the FY 1998 revenue collections compared to the prior two years. Page two showed the historical income fund revenue trends and predicted FYE 1998 totals. He also provided a graph showing the FY 1998 income fund revenue collections as compared to the prior two fiscal years.

Director Hamilton stated that Controller Williams requested that the numbers for the permanent fund be included each month and that will be shown at the next meeting. Superintendent Fox commended Director Hamilton on the information provided in the report.

Secretary of State Cenarrusa asked about the nine different endowments. How many acres were granted to each endowment, including school endowment? Director Hamilton said the original grant was about three-(3) million acres- the bulk of it being the public school grant. We currently have about 2.4 million, about 80% of those are public school. He said he would provide the board with a summary of this information.

14. Department of Administration request for Board to approve transfer of title to Target Buick property from the Idaho State Building Authority to the State of Idaho in consideration of an indemnification of the authority signed by the Land Commissioners.
Presented by Pam Ahrens, Director and Joanna Guilfooy, Deputy Attorney General, Department of Administration

Director Hamilton stated that Pam Ahrens, Director of the Department of Administration was

present to address the Board. Director Hamilton informed the Board that these were not endowment lands and the Department of Lands was not involved in the development of this issue.

Director Ahrens said the proposal before the Board asks for two things (1) transfer of title to the state from the Idaho Building Authority (current owner of the property). It is in consideration of an indemnification for the authority. (2) to seek the determination that the property continues to be managed and utilized for parking and managed by the Department of Administration.

The Department of Administration does not have the authority to accept the land but it can be done through this mechanism. The land will be paved and landscaped and made to blend in with the Capital Mall.

Attorney General Lance moved that the Board accept the Target Buick property from the Idaho State Building Authority in consideration of the attached indemnity agreement made on behalf of the state of Idaho. In making this motion, he emphasized that this transfer is accepted by the Land Board on behalf of the state of Idaho and not in its role as trustee for the endowments. Any liability accepted is solely that of the state of Idaho and is not the liability of the endowments or the Idaho Department of Lands.

Controller Williams congratulated Director Pam Ahrens and Larry Osgood from the Department of Administration for their work on this transaction. He also commended Governor Batt and the legislative leadership. He stated that future generations would be appreciative that the state now owns this parcel. Governor Batt stated that this type of opportunity does not come around often.

Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 5-0.

15. Audience with the Board - Clark Collins of the Blueribbon Coalition to discuss recreation access and state endowment lands.

Director Hamilton introduced Mr. Clark Collins, Executive Director of the Blueribbon Coalition, who had requested an audience with the Board to discuss the Board's policy on recreational access and use of state endowment lands. Perry Whittaker, Bureau Chief, Real Estate who worked on this issue was also available to answer any questions.

Mr. Collins stated the Blueribbon Coalition stands for preserving our natural resources for the public instead of from the public. Mr. Collins informed the Board that he served on the Federal Lands Task Force and in the course of their deliberations, on considering the possibility of the state assuming management control of some of Idaho's federal lands. He stated that it became very obvious that recreation access is very important.

He said there are some folks who are deliberately giving the wrong impression with regard to what the recreation access policy is on state land. He suggested that the Land Board end that confusion, and consider a minor change in the wording of the recreation access policy. He summarized information from his letter.

Director Hamilton stated that the material presented by Mr. Collins comes from minutes of past Board actions or from documents like leases. This appears to be a policy that has developed over long-standing. He stated that he does not believe this is formally documented in any rule as far as recreational access is concerned, however this will be researched by the department.

Secretary of State Cenarrusa asked if it was written into the lease that the public could use these state grazing lands. Director Hamilton said there is a section that deals with public use.

Attorney General Lance stated that one concern that he had was that ATV's, motorcycles, snowmobiles, etc. could very well interfere with lambing and cattle operations. He felt it needed to be looked into before giving a blanket recreational policy.

Director Hamilton stated the department would work with the AG's office to develop a written policy to be brought before the Board. Mr. Collins said that his group would be willing to work with the department on developing a policy that would allow land managers to deal with problems that might arise.

Attorney General Lance asked for unanimous consent that this issue not be acted on at this time to allow time to research the issue. Secretary of State Cenarrusa stated that he felt the Blueribbon Coalition was a fine organization and would support unanimous consent to allow time to develop a policy. The entire Board gave unanimous consent.

16. Request for Board approval of a Draft State/BLM Memorandum of Understanding concerning land exchanges
Presented by Perry Whittaker, Chief, Bureau of Real Estate

Perry Whittaker presented the background information on this issue and Mr. Dave Brunner of the BLM was present to answer any questions.

Mr. Whittaker stated that the state and the BLM have been processing land exchanges for several years as part of the Idaho State/BLM Exchange Strategy that was last revised in 1987.

He stated there are new federal legislation and policies that now apply to exchanges, range management, appraisals and hazardous materials. This MOU describes the policies and procedures that both agencies anticipate using to complete future exchanges.

Dave Brunner, State Officer Service Director of the Resource Services Division of the BLM stated that the exchange program is important and a lot of time has been spent developing this MOU. This is a good piece of work and it takes care of everyone's concerns to provide a process to get through exchanges that are tedious and often controversial.

Controller Williams made the motion to approved the proposed memorandum. Attorney General Lance seconded the motion. The motion carried 5-0.

17. Request for waiver of 10% premium by Larry Brown

Presented by Bryce Taylor, Chief, Bureau of Range Management/Surface Leasing

Director Hamilton stated that this item is a request from Mr. Larry Brown, Priest Lake cottage site lessee, to waive the 10% fee on leasehold sale.

Bryce Taylor provided the background information. Mr. Taylor stated that on March 27, 1998, the department received a request from Jan and Larry Brown for a waiver of the 10% premium rent on a cottage site sale. They stated that they have regretted their purchase, mainly for financial reasons. The department has no recommendation in this matter.

Attorney General Lance asked what reason would the Board want to do this, other than buyer's remorse. Superintendent Fox stated that there was considerable discussion on this item at the briefing meeting. She felt this would open many doors and the Board would be establishing a bad precedent. She felt the Brown's should up their price to recover this premium.

Attorney General Lance moved to reject the request. Superintendent Fox seconded the motion.

Considerable discussion followed the motion. Controller Williams stated that he would like to know more about the situation. Secretary of State Cenarrusa stated if there is a hardship, he would like to look into the situation further. Governor Batt stated that if this was granted, it should be specifically granted for this particular situation – never occupied, seven-(7) month ownership.

Attorney General Lance stated if the Board wanted to ask for unanimous consent to pull from the agenda; he would withdraw his motion. Superintendent Fox withdrew her second. By unanimous consent this item will be deferred to a future meeting.

Controller Williams said if this is a serious request, Mr. and Mrs. Brown should come before the Board and present the facts in order for the Board to make a final decision.

Director Hamilton stated the department would contact the Brown's and advise them that they should come in a visit with the Board directly and that they also need to provide hard financial data to show what their situation is.

18. Annual Timber Sales Plan

Presented by Winston Wiggins, Asst. Director, Forestry and Fire

Director Hamilton stated that this is the Fiscal Year 1999 timber sales plan. This plan is presented to the Board annually at this time. Winston Wiggins, Asst. Director, Forestry and Fire presented the background and the recommendation.

The recommendation would:

1. establish the Payette Lakes Area timber harvest level for the next five years at 21MMBF per year,

2. establish the Southwest Area timber harvest level for the next five years at 10 MMBF per year,
3. establish the programmed reduction to 55 MMBF for the Clearwater Area, approved by the Board in 1996, and
4. direct the department to proceed with the publication of the FY-1999 Timber Sales Plan.

Three sales on the plan are identified as available for non-qualified bidders, so they could be purchased and hauled out of state for processing. Two are on the Clearwater area and one is in the Payette Lakes area.

This plan was offered to the public for comment last July and again in January. One written comment was received which expressed some concern about the road maintenance provisions of the proposal and the department has responded to this concern. Superintendent Fox asked if there were any negative comments from the timber industry. Mr. Wiggins stated there were none.

Secretary of State Cenarrusa moved to accept the recommendation of the department. Superintendent Fox seconded the motion. The motion carried on a vote of 5-0.

19. Timber License Plate Fee Recommendations

Presented by Betty Munis, Executive Director, Idaho Forest Products Commission

Director Hamilton stated that this agenda item is a request for approval to expend some timber license plate revenues for educational projects by the Idaho Forest Products Commission.

Ms. Betty Munis, Executive Director, presented the proposal. When a timber license plate is purchased, there is an additional cost of \$35.00. The first year, \$25.00 goes for administration and \$10.00 goes into a fund that is earmarked for the Department of Lands. If the plates are renewed, the additional cost is \$25.00 - \$10.00 of which goes into the fund. There is currently \$33,000 in the fund and according to the law, the Director of the Department of Lands and the Forest Products Commission Director determine some ideas on educational projects that the funds could be used for. Also it is used for the reforestation program.

There are currently two projects for consideration. One is the expenditure of \$7,500 (in a total project of \$26,700) toward timber billboards for Arbor Day. The other is the expenditure of \$9,000 (in a total project of \$23,000) toward the Interpretative Sign project throughout the state. In 1998, a partnership was developed with the University of Idaho and a graduate student has worked in development of the signs.

Superintendent Fox stated that the Idaho Forest Products Commission has provided a great benefit to the schools and commended Betty Munis and her staff for their efforts.

The motion was made by Attorney General Lance and seconded by Superintendent Fox to accept the recommendation of the department. The vote carried on a vote of 5-0. Following discussion on the Information agenda, a motion was made by Superintendent Fox and

seconded by Attorney General Lance to resolve into Executive Session. The request was made that only essential staff remains for Executive Session. All others were dismissed.

Governor Batt suggested that the Information Agenda be discussed before resolving into Executive Session.

The Board resolved into Executive Session at 10:30 AM.

EXECUTIVE SESSION

Agenda items 20 and 21 were discussed in Executive Session.

- 20. Contux Creek Timber Sale
Presented by Winston Wiggins, Assistant Director; Forestry and Fire
- 21. Update on legal issues relating to land exchanges/commercial leases
Presented by Attorney General's Work Group

INFORMATION AGENDA

Director Hamilton briefly covered the Information Agenda items prior to resolving into Executive Session.

- 22. Timber sale activity report
- 23. Interest rate update
- 24. Triumph Mine update
- 25. Upcoming Cottage Site Lessee Representatives/IDL Staff meeting – April 14, 1998
- 26. Idaho Statesman Article (03/26/98) – "Student group bids on two grazing allotments"
- 27. Post Register Article (04/03/98) – "Those welfare queens get touchy"

Attorney General Lance left the meeting at 11:30 AM.

The Board returned to Regular Session at 11:40 AM.

Controller Williams moved to approve the proposed conceptual agreement to continue looking at the exchange for Capital Park Plaza. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 4-0 with Attorney General Lance being absent.

MISCELLANEOUS ITEMS

- 28. Approval to proceed with possible US Bank/Kristy Pigeon land exchange.
Presented by Mr. Dick Barrell

Governor Batt brought the possible bank building/Kristy Pigeon property land exchange item before the Land Board.

Controller Williams introduced Mr. Dick Barrell, who has participated in discussions with representatives of U.S. Bank, to present background information on this item. Director Pam Ahrens, Director, Department of Administration was available for questions.

Mr. Barrell stated that this particular building came to his attention about 30 days ago. He met with the representatives of U.S. Bank in regard to their interest in selling the property. In the past few days, a firm he is involved in made an offer subject to certain conditions. One of the conditions was if he could get some kind of indication from the state regarding interest in owning this particular piece of property. Considerable discussion followed regarding this issue.

Director Ahrens stated that the Department of Administration would be prepared, if the state decides to go forward, to look for a tenant. There may be a need to do some remodel to meet the needs of a tenant. She stated this building might have to be maintained and managed separately because energy costs would be higher in this building.

Controller Williams stated that he was aware of two other offers on this building. Timeframes were discussed.

Controller Williams made a motion for conceptual approval to proceed to try to put together a land exchange with Kristy Pigeon property and the U.S. Bank building. Secretary of State Cenarrusa seconded the motion. The motion carried on a vote of 4-0 with Attorney General Lance being absent.

There being no further business to be brought before the Board, the meeting adjourned at 12:00 noon.

IDAHO STATE BOARD OF LAND COMMISSIONERS

A handwritten signature in cursive script, reading "Philip S. Tate", is written over a large, bold, grey "COPY" watermark.

President, State Board of Land Commissioners and
Governor of the State of Idaho

Pete T. Cenarrusa
COPY

Pete T. Cenarrusa
Secretary of State



Stanley F. Hamilton
COPY

Stanley F. Hamilton
Director, Idaho Department of Lands